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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000777

SIPDIS

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DEPARTMENT PASS TO AID/OTI (RPORTER)

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TAGS: [PGOV](#) [KDEM](#) [VE](#)
SUBJECT: MUNICIPALITY USES REFERENDUM TO RESIST CENTRAL
GOVERNMENT

REF: A. CARACAS 750
[1](#)B. CARACAS 322

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Classified By: POLITICAL COUNSELOR FRANCISCO FERNANDEZ,
REASONS 1.4 (B) and (D).

[1](#)1. (C) Summary: Caracas's Chacao Municipality is resisting national government efforts to obstruct the opposition-led municipality's initiatives. The Government of the Bolivarian Republic of Venezuela (GBRV) is trying to stop Chacao from building a new civic center and school, a project that has been in planning for eight years. The GBRV has used squatters, a National Historical Site designation, and the National Guard to slow Chacao Municipality's plans. In response, Chacao held a special referendum June 14 on the issue; 99% of the voters voted in favor of the Municipality's project. Chacao Municipality officials feel that these activities are consistent with the GBRV's recent politically motivated actions against opposition-run states, including the takeovers of airports, roads and ports. End Summary.

NOT A CHAVISTA STRONGHOLD

[1](#)2. (C) The Chacao borough of Caracas has the greatest concentration of businesses of any municipality in the country. Wealthy from local taxes, it does not rely on the national government for budgetary support, and has long been a center of anti-Chavez sentiment. The popular former mayor of Chacao, Leopoldo Lopez, was included on the comptroller's list people declared "ineligible" to run for office in 2008 based on administrative sanctions.

[1](#)3. (C) The Chacao Market is a popular weekly market with over 200 vendors, formerly housed in a large make-shift building. Implementing a project begun in 2001, the Chacao Municipality inaugurated on October 30, 2008 a new multi-story building adjacent to the old structure. The Municipality invited the vendors to use the new market, and gave them ownership of space in the new building. Twenty vendors did not want to leave the old building. Over the past several months, as the new building attracted customers, most of the vendors decided to use the new building's space, and only eight vendors still remain in the old building. Chacao Municipality official Jose Sala told Poloff June 16 that the eight vendors refusing to leave are living in the building full time. "They don't sell anything," Sala said, "because the shoppers are all in the new building."

[1](#)4. (C) The Municipality's long-term plan is to modernize the

Chacao market, build a new building for a public school, and build a civic center for community use. The Ministry of Culture's Institute of Cultural Heritage designated the old building a "National Heritage Site" on October 28, 2008, preventing its demolition and the blocking the Municipality's plan. Part of the site planned for the school and the civic center is not covered under the Institute of Cultural Heritage's designation, as it is made up of empty municipality land purchased separately. The National Guard is now occupying that land, without, according to Chacao officials, any pretense at a legal right to do so.

LET THE PEOPLE DECIDE

¶5. (C) Several Chacao officials recently described their strategy to regain control of this land and the project to Poloff. The Municipality decided to hold a local referendum about the civic center, in coordination with community councils. They registered voters for this election in May and during the June 14 election day. Out of 20,803 votes, 20,604 supported the construction of the civic center. United Socialist Party of Venezuela (PSUV) members have called the vote meaningless. "What we're hoping," Sala said, "is that this changes the calculus of the government, and so they allow this issue to fade away."

COMMENT

¶6. (C) Recent GBRV actions have stripped opposition state and local officials of authority and resources. The Law of Decentralization enacted March 12 gave the central government

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authority to assume control over all ports, roads and airports in the country (Ref B). Another recent law removed monetary resources from the elected Greater Caracas Mayor Antonio Ledezma and gave it to an appointed Vice-President instead. The efforts to block a major public infrastructure project in a opposition-led municipality is consistent with this pattern. The Chacao Municipality is trying to resist this pressure through a show of popular support, understanding that President Chavez brandishes his democratic credentials (Ref A). Given the range of government resources at Chavez's disposal, it is unclear whether this kind of resistance will be successful. At a minimum, local opposition is forcing President Chavez to choose between consolidating power and the appearance of respecting participatory democracy.

CAULFIELD